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UNCLAS SECTION 01 OF 02 AMMAN 000392

SENSITIVE
SIPDIS

STATE FOR NEA/ELA
STATE PLEASE PASS TO USTR (SFRANCESKI, LKARESH, CROMERO)
DHS PLEASE PASS TO CBP
COMMERCE FOR ITA/OTEXA (MARIA D'ANDREA)

E.O. 12958: N/A
TAGS: [ECON](#) [ETRD](#) [ELAB](#) [PREL](#) [KTEX](#) [IS](#) [JO](#)
SUBJECT: QIZ GARMENT FACTORIES: JORDANIAN-ISRAELI BUSINESS
TIES CONTINUE AND MORE JORDANIANS SEEK EMPLOYMENT

REF: A. AMMAN 230
[B](#). AMMAN 129
[C](#). 08 AMMAN 3359

SENSITIVE BUT UNCLASSIFIED. CONTAINS BUSINESS PROPRIETARY
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[1](#). (SBU) Summary: Two garment factories in Jordan's
Qualifying Industrial Zones (QIZs) have continued to show
strong business links to Israel, despite public calls in
Jordan during events in Gaza to boycott American and Israeli
goods (ref B). The Al-Methaliah factory plans to begin in
March satellite factory operations in Irbid/Al-Wastieh and
has already begun training 40 women. Many of these trainees
have never previously worked but sought employment to
contribute financially to their families during difficult
economic times in Jordan (ref C). End Summary.

Masera Employs 1,000 Jordanian Workers

[2](#). (SBU) Officials from Jordan's Ministry of Industry and
Trade (MOIT) and Econoff visited on February 1 the
Israeli-owned Masera factory in Al-Hassan QIZ. Masera is the
distributor in Jordan for the Israeli company Tefron. Masera
Administration Manager Abdel-Hai Al-Serhan explained that
Masera receives orders from Tefron for U.S. buyers such as
Victoria's Secret, Nike, Calvin Klein, and Target, and then
subcontracts the work to ten other garment factories in
Jordan. Despite the global financial crisis, Serhan said
business has remained constant. He expressed fear, however,
that any rises in production costs, such as the minimum wage
(ref A), would cause Tefron to move operations to Egypt since
garment companies are generally only interested in the
"bottom-line." He confirmed that Masera's business remained
unaffected by the crisis in Gaza, and that there were no
protests at his factory as in other parts of the country (ref
B).

[3](#). (SBU) Masera is one of the few remaining QIZ companies in
Jordan with a 100% Jordanian workforce of 1,000 people,
including 700 female sewing machine operators. Serhan said
that part of the company's success is linked to its training
program that uses highly skilled Arab-Israeli trainers who
communicate easily with the Jordanian workers. MOIT
officials noted that Arab-Israeli production line supervisors
were also present in the factory to ensure quality control.
Masera also provides financial incentives for good
attendance, which has helped reduce absenteeism.

Methaliah Hiring Women Who Have Never Worked Before

¶4. (SBU) MOIT officials and Econoff subsequently visited one of Masera's subcontractors -- al-Methaliah factory in the northern city of Irbid. Owned by a Palestinian-Israeli, Methaliah was first established in 2001 in Al-Hassan QIZ. It opened up another factory four years later in Irbid, where 250 Jordanians currently work. Methaliah's General Manager, Mohammad Adnan Hasseinein, said that while the factory has still been paying the lease on its building in Al-Hassan, it moved all production to Irbid in late 2008. He added that the company plans to further shift operations and the machines previously located in Al-Hassan to a new satellite factory in Irbid/Al-Wastieh, which was recently designated as a QIZ. Hasseinein noted that the move from the Al-Hassan QIZ to Irbid has helped the company save about \$5,000 per month in transportation costs of its workers who now live closer to the factory.

¶5. (SBU) Hasseinein expects Methaliah's satellite operation to start within the next month and ultimately employ 400 Jordanians. He noted that he has already received 250 employment applications, and hired 40 women who are being trained in Methaliah's factory. Two of the trainees, who appeared to be in their late 30's and 40's, said that they had said never worked before. They explained that the difficult economic situation in Jordan had put pressure on them to get a job and contribute financially to their families.

¶6. (SBU) According to Hasseinein, 70% of the production in Methaliah's satellite factory will be underwear for Tefron

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and the other 30% would most likely be for another yet-to-be-determined company in Israel. He explained that Methaliah receives the cut components from Tefron through Masera; assembles, inspects, and packs the garments; and then ships the finished products back to Tefron in Israel for export to the U.S. While the company wants to keep its options open, he said he did not expect to export directly to the U.S. because it was logistically easier to work with companies in Israel.

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